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S E C R E T SECTION 01 OF 05 NEW DELHI 001611

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TAGS: [PTER](#) [PREL](#) [MOPS](#) [PBTS](#) [ETRD](#) [SCUL](#) [IN](#) [PK](#)
SUBJECT: INDIANS SATISFIED WITH CONTINUED INCREMENTAL
PROGRESS ON INDO-PAK

REF: ISLAMABAD 3254

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Classified By: PolCouns Geoff Pyatt for Reasons 1.4 (B, D)

¶1. (C) Indians are generally pleased with the status of Indo-Pakistan relations; as long as terrorism levels stay low and the bulk of jihadi terrorism stays in J&K, the GOI and our contacts support continued incremental progress on the peace process between South Asia's nuclear neighbors. A recent reduction of Indian troops stationed in Kashmir (billed for the domestic audience as a "redeployment") will probably help the good atmospherics continue, as will seeking out and implementing new confidence building measures (CBM). The MEA on March 6 announced the dates for the Third Round of Composite Dialogue talks, which span from late March to late July. One eagerly anticipated CBM that may come to pass this summer would be PM Singh taking up President Musharraf's April 2005 offer to visit Pakistan, a possibility if he takes advantage of a serendipitous Sikh pilgrimage to Pakistani Punjab; a host of more traditional CBMs are also in train. A recent supposed dust-up near the Indo-Pak maritime boundary flared briefly in the Indian press and just as quickly faded from view, demonstrating that the relationship is becoming more mature and robust; the two most likely hazards that could trip up progress toward normalization are an escalation of terrorism when the snow melts this spring and (well-intentioned) political interference by outsiders. End Summary.

Another Troop "Redeployment" Out of Kashmir

¶2. (U) Defense Minister Pranab Mukherjee on February 6 announced that one more brigade (approximately 5,000 troops) would be redeployed from J&K to their former barracks in Darjeeling district in Sikkim -- the troops were originally moved to Kashmir as part of "Operation Vijay" (the 1999 Kargil campaign). Mukherjee and Army Chief General JJ Singh defended the move in light of "the improving security situation in Kashmir." Billed as a "redeployment" vice a "withdrawal," the move is both a symbolic gesture of improving relations and a practical, incremental confidence building measure. The exact size of India's deployment in J&K is closely held; Indian newspapers estimate between 30-45 brigades are stationed there. A prior redeployment was executed in November 2004.

¶3. (S) The US Defense Attache reports that from June 2005-January 2006 the paramilitary Rashtriya Rifles inducted three battalions in J&K, which partially offset the Army withdrawal. The Rashtriya Rifles inducted three battalions in November 2004 to offset that withdrawal as well.

Composite Dialogue: Lowest-Hanging Fruit Already Plucked

¶4. (C) Pakistani Deputy High Commissioner Munawar Saeed recently told PolCouns and Poloff that most of the low-hanging fruit in the Composite Dialogue have already been plucked; he suggested there would be few tangible results in the upcoming Composite Dialogue round unless Delhi and Islamabad can work their way through the territorial issues (Siachen Glacier, Sir Creek, and Kashmir) or can agree to further expand trade, transportation, and people-to-people contacts. Longtime Indo-Pak watcher and Associate Editor of

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the South Asian Media Net Sushant Sareen largely echoed this sentiment, but pointed out that many Indians view trade liberalization as a useful follow-on to the recent expansion in cross-border transportation links (Reftel). He and other Indian interlocutors underlined visa liberalization for business travelers, further reducing Pakistan's negative list, and full implementation of the South Asia Free Trade Agreement (SAFTA) as the CBMs that would yield the biggest bang for the buck.

¶5. (U) The MEA on March 6 announced the following dates for the Third Round of Composite Dialogue talks:

- Economic and Commercial Cooperation, March 28-29, Islamabad (to be preceded by the Joint Study Group meeting March 27)
- Wullar Barrage/Tulbul Navigation Project, April 18-19, Islamabad
- Demilitarization of Siachen Glacier, May 23-24, New Delhi
- Demarcating boundary along Sir Creek, May 25-26, New Delhi
- Terrorism and Drug Trafficking, May 30-31, Islamabad
- Promotion of Friendly Exchanges, June 1-2, New Delhi
- Foreign Secretaries Meeting, July 20, New Delhi
- Foreign Ministers Meeting, July 21, New Delhi
- Plenary Session of the Joint Commission and Foreign Ministers Review Meeting, July 22, New Delhi

PM May Participate in Pilgrimage to Pak Punjab

¶6. (C) "DAWN's" New Delhi correspondent Jawed Naqvi on February 14 published a forward-leaning article saying that

PM Singh is considering a visit to Pakistan in mid-June in conjunction with a Sikh religious procession from Amritsar to Gurdwara Dera Sahib in Lahore. The article was based, Jawed later told us, on a PMO source who claimed to be in the meeting at which the possible trip, on invitation from the Sikh Gurdwara Prabhandak Committee (SGPC, which is organizing the procession), was discussed. After some follow-up, it appears some pieces are not yet in place: the SGPC told us that "talks are on" for the PM to attend (despite Jawed's reporting that the SGPC President confirmed the planned visit), and the Pakistani High Commission "has had no official communication on the subject." The procession is scheduled from June 12-14, with another Sikh religious event on the 16th; although this is clearly not yet nailed down, this event is a convincing hook for a possible PM visit, much as cricket was Musharraf's hook for his April 2005 Delhi visit.

17. (C) The decisive factor in the PM's decision will undoubtedly be his assessment of cross-border terrorism -- including the GOI's assessment of current trends and whether the PM believes a visit will help move GOP policy in a positive direction. President APJ Kalam in his February 16 Budget Session address to Parliament raised India's continuing concern over cross-border terrorism and its

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commitment to the peace process: "While we remain concerned over infiltration and cross-border terrorism and expect Pakistan to fulfill its commitments in this regard, we reiterate our commitment to the Composite Dialogue process with Pakistan." NSA Narayanan, meanwhile, told the UK High Commissioner recently that he was less worried about LoC infiltration than he was about ISI support for terrorist modules elsewhere in India -- such as the cells responsible for the Delhi and Bangalore attacks.

Also in Play ...

18. (U) A host of other Indo-Pak interactions continue to move ahead, producing incremental progress:

-- The World Bank-sponsored Neutral Expert on the Baglihar Dam is expected to convene a meeting with the Indian and Pakistani Water Ministry officials in the coming weeks.

-- Bilateral meetings on the Iran-Pakistan-India natural gas pipeline continue, albeit slowly, and under the shadow of possible ILSA sanctions.

-- Indian media reported that in mid-February an Indian Air Force contingent was sent to the UN Peacekeeping Force in Bukavu, Democratic Republic of Congo, to provide air cover for a Pakistani brigade already stationed there. Both countries' soldiers will share the same camp and mess.

-- The LoC cease-fire that began in November 2003 is now well over two years old.

-- The restoration of the earthquake-damaged Aman Setu bridge at Kaman, J&K, should allow the Srinagar-Muzaffarabad bus service to revert to its original route this spring. A lengthy alternate route was used for two months starting mid-December. The bus service is expected to share the restored route with trucks for intra-Kashmir trade in the near future.

-- The Thar Express rail link, the only direct land route from Rajasthan to Sindh, is up and running to mutual satisfaction (Reftel).

-- An Indian NGO, "Routes 2 Roots," which has hosted several Pakistani musical and comedy events in India, is planning an April Indian food festival in Lahore.

¶9. (C) Delhi displayed excellent perception management in its handling of a recent reported (though not entirely confirmed) incident off the Sir Creek coast in Gujarat/Sindh, where the maritime boundary is not yet settled and is subject to overlapping claims. Indian press on February 16-17 reported an alleged February 13 attack by a Pakistan Maritime Security Agency ship against an Indian fishing boat that resulted in the death of one Indian fisherman. Some reporting further claimed that an Indian Coast Guard vessel reached the incident area and either challenged the Pakistani craft or fired upon it. A flurry of diplomatic exchanges between the MEA and the Pakistani High Commission ensued, including a GOP allegation that an Indian Dornier aircraft

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entered Pakistan's exclusive economic zone. The Pakistani High Commission publicly denied any Pakistani vessel attacked either Indian fishing boats or official craft, as did our Pakistani contacts privately; they claimed the MSA craft simply shooed some Indian boats across the notional maritime boundary and seized three, along with 25 fishermen. The incident received limited press play and disappeared from public discourse within days.

¶10. (U) According to the MEA, the GOP released 1,171 captured Indian fishermen in 2005 and currently holds approximately 400 fishermen and 269 fishing boats. The GOI holds 59 Pakistani fishermen and 37 boats, having released 222 fishermen in 2005. Sushant Sareen tells us the fishing stocks closer to Pakistan are richer than those closer to India, which entices Indian fishermen to cross the notional boundary. The problem of cross-border fishing is further exacerbated by the paucity of GPS sets among fishermen.

Offshoring the Offshoring: A Win-Win Scenario

¶11. (U) Delhi-based Astra Telcom India Chairman Rakesh Gupta told Poloff the early February launch in Karachi of the Ensign Call Centre, on which he consulted, "went very well." Pakistani Air Chief Martial Kaleem Saadat, IT Minister Awais Ahmad Khan Leghari, and Karachi Nazim (Mayor) Syed Mustafa Kamal all attended the launch, according to Gupta. (NOTE: Gupta explained the Ensign Call Centre is a Shaheen Foundation enterprise owned by the Pakistani Air Force. End Note.) He hopes to inaugurate true joint ventures in the call center sector with Pakistani firms, which would enable him to attract larger contracts, pay comparatively lower wages than he does in India, and provide employment to absorb educated Pakistani youth. "It's the ones who are educated but don't have jobs, they are the ones who get into trouble, join the sectarian terrorist outfits," Gupta told Poloff.

Comment: When to Poke (or Not Poke) the Tiger

¶12. (C) Seasoned observers of Indo-Pak affairs note that although we cannot yet call the relationship between the South Asian neighbors "normalized," it is clearly "normalizing." The distance traveled since the nail-biting days of 2002 are far enough recessed that we could term the relationship "better than normal for Delhi and Islamabad." As India's confidence as a regional power continues to grow, especially following the President's visit, and even as its politicians and pundits retain their prickliness about sovereignty, the GOI is facing increased internal pressure to help address Pakistan's anxieties. An occasional gentle nudge behind the scenes or a note of appreciation at solving a particularly thorny problem -- the Siachen and Sir Creek territorial disputes come to mind -- is all that the GOI needs or desires. More than this, especially in the context of Jammu and Kashmir, risks upsetting the apple cart and all that has been achieved to date. The Indian press was highly

appreciative of the President's sensitivity to this dynamic when he visited Delhi.

Comment Continued: Terrorism Threshold Still Key

¶13. (C) The PM, the UPA government, and the Indian body

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politic understand that "jaw-jaw" is more profitable politically than "war-war." The GOI and the Indian public have been patient through the periodic spectacular terrorist attacks and day-to-day terror violence in J&K over the years since President Musharraf made his 2002 and 2004 promises to PM Vajpayee that he would not permit Pakistani soil to be used as the base for any cross-border terrorism. Our Indian interlocutors in the GOI and think-tanks all have those dates etched in their collective consciousness. On several occasions Delhi could have used a terror outrage -- such as the October 2005 Diwali bombings -- as the pretext to ratchet up pressure on Islamabad, with or without damning proof. The Indian government has kept their redlines sufficiently vague so that they can sustain the dialogue process as long as they want, or shut it down if they deem that doing so is politically prudent. It is to the GOI's credit that it has so far abstained from cutting short the peace talks, but their patience is not limitless; the CBMs they most desire are a deep reduction in terrorist attacks and infiltration (understanding that a 100% cessation in the near term is an impractical goal), as well as visible and verifiable actions against Kashmir-oriented terrorist groups based in Pakistan and Pakistani Kashmir. They also worry about possible ISI involvement in Bangladesh, an issue for a future cable. End Comment.

¶14. (U) Visit New Delhi's Classified Website:

(<http://www.state.sgov.gov/p/sa/newdelhi/>)

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